

ORIGINAL



0000118895

OPEN MEETING AGENDA ITEM
RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2010 OCT 18 P 4: 30

Arizona Corporation Commission

COMMISSIONERS

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED

OCT 18 2010

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

DOCKETED BY

IN THE MATTER OF THE
APPLICATION OF JOHNSON
UTILITIES, LLC, DBA JOHNSON
UTILITIES COMPANY FOR AN
INCREASE IN ITS WATER AND
WASTEWATER RATES FOR
CUSTOMERS WITHIN PINAL
COUNTY, ARIZONA.

DOCKET NO. WS-02987A-08-0180

NOTICE OF CORRECTION OF
CAGR D COMPLIANCE FILING
PURSUANT TO DECISION 71854

On September 23, 2010, in accordance with Decision 71854 (August 24, 2010), as modified by the Order *Nunc Pro Tunc* and Extension of Deadlines¹ adopted by the Arizona Corporation Commission ("Commission") at its open meeting on September 21, 2010, Johnson Utilities, LLC, dba Johnson Utilities ("Johnson Utilities" or the "Company") submitted the Company's proposed Central Arizona Groundwater Replenishment District ("CAGR D") adjustor fees for the Phoenix and Pinal Active Management Areas ("AMA"), together with the calculations and documentation from the relevant state agencies to support the data used in the calculations, copies of which were attached to that filing and referred to herein as Attachment 3.

¹ In the Order *Nunc Pro Tunc* and Extension of Deadlines, the Commission approved an extension of the deadline for filing Johnson Utilities' new rates and schedules from August 20, 2010, to September 23, 2010, and an extension of the deadline for filing the Company's proposed new CAGR D adjustor fees and supporting documentation from August 25, 2010, to September 23, 2010.

1 Upon review, Johnson Utilities discovered an error in the adjustor fee calculation
2 supporting the Phoenix AMA. Johnson Utilities overstated the water sold for the Phoenix
3 AMA in 2009 thereby understating the adjustor fee as explained below by \$0.07 as \$0.68
4 instead of the correct amount of \$0.75. Johnson Utilities has attached the revised
5 calculations and documentation from the relevant state agencies to support the data used
6 in the calculations as Exhibit 1.

7
8 In reviewing the Annual Report, Schedule F-1 Part 2, Johnson Utilities incorrectly
9 overstated gallons sold in the Phoenix AMA in 2009 by including sales from CAP water
10 (*See* Exhibit 1, page 8, Box No. 7 [591.94]), and flushing and fire department usage (*See*
11 Exhibit 1, page 8, Box No. 10 [29.29]). As a result, the 2009 sales initially reported as
12 7,347.14 acre feet on Attachment 3, page 1, were overstated by 621.23 and should have
13 been reported as 6,725.91 acre feet. (*See* Exhibit 1, page 1). When computing the price
14 per gallon using actual gallons sold, Johnson Utilities computes the adjustor fee at \$0.75
15 per thousand gallons. (*Id.*).

16 The \$0.07 difference would create a shortfall of \$153,415.08 by the end of 2010
17 for Phoenix AMA CAGRD charges. Add that to the shortage resulting from using a
18 historical rate in the rate calculation (\$47 per acre foot multiplied by 4,601 AF=
19 \$216,247) results in an overall short fall of \$369,662.08, or \$0.17 per thousand in the
20 rate. Assuming continued customer usage patterns, customers will experience a \$0.17
21 rate increase for 2011-2012, and another \$.17 for the 2010-2011 short fall, equaling \$0.34
22 increase or a 50% increase from the \$0.68 rate after the true up.

23 Finally, on October 5, 2010, Staff filed a report and proposed order related to the
24 implementation of the CAGRD adjustor fee recommending that the CAGRD charge
25 become effective for all billings after October 1, 2010. (*See*, Staff Report at 3). Johnson
26

1 Utilities implemented the adjustor on June 1, 2010, the date Decision No. 71854
2 specifically authorized rates to go into effect retroactively. (See, Decision No. 71854,
3 pages 71-72). Through September 2010, Johnson Utilities has incurred \$653,511.19 in
4 CAGRDR charges that were offset by the customer credits. If the Commission adopts
5 Staff's recommendation and requires Johnson Utilities to refund the CAGRDR charges
6 since June, it will ultimately result in an additional \$0.30 in the CAGRDR adjustor rates in
7 2011 to true-up this shortfall. If the CAGRDR was included as an expense in calculating
8 the effective rate on June 1st, Johnson Utilities' average customer would have
9 experienced a similar rate drop of 17.8 percent as seen on the Exhibit 2. A delay in the
10 collection of the CAGRDR fee when it has been accruing every month since June 1st, 2010
11 will ultimately lead to a rate shock to customer of an additional \$0.30 per thousand
12 gallons the following year.

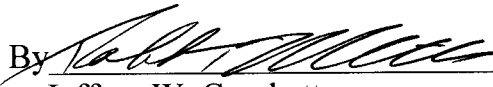
13 The surcharge first appeared on all water service invoices dated September 27,
14 2010, and is now visible on the Johnson Utilities customer's bills as a separate line item.
15 Each water service invoice had three line items labeled CAGRDR Tax on the initial
16 invoice. These line items represent three separate months worth of CAGRDR tax for June,
17 July, and August. The line items are based on the specific water use for each month
18 respectfully. A fourth line item labeled either PINAL CAGRDR or PHX CAGRDR tax
19 represents the current months' individual water usage. This initially caused confusion
20 with the customers who thought they were getting charged the same fee multiple times.

21 It was Johnson Utilities' understanding that the Commission wanted individual
22 water users to be aware of their monthly use and to have Johnson Utilities reflect the
23 associated taxes for that use in the monthly bill. To help explain the CAGRDR surcharge,
24 Johnson Utilities has prepared a Question and Answer sheet, included as Exhibit 3, to its
25 customers on the website and in the office, to identify and explain the surcharge. Once
26

1 explained to the customers, the vast majority of them have been extremely happy with the
2 overall decrease that they have received.

3 RESPECTFULLY SUBMITTED this 18th day of October, 2010.

4 SNELL & WILMER L.L.P.

5
6 By 
7 Jeffrey W. Crockett
8 Robert J. Metli
9 One Arizona Center
400 E. Van Buren
Phoenix, AZ 85004-2202
10 Attorneys for Johnson Utilities, LLC

11 COPIES of the foregoing hand-delivered this
12 18th day of October, 2010, to:

13 Docket Control
14 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85004

15 Teena Jibilian, Administrative Law Judge
16 Hearing Division
17 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
18 Phoenix, Arizona 85007

19 Robin Mitchell, Staff Attorney
20 Ayesha Vohra, Staff Attorney
Legal Division
21 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
22 Phoenix, Arizona 85007

23 Steve Olea, Director
24 Utilities Division
25 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
26 Phoenix, Arizona 85007

1 COPIES of the foregoing sent via first-class
2 mail this 18th day of October, 2010, to:

3 Daniel W. Pozefsky, Chief Counsel
4 Residential Utility Consumer Office
5 1110 West Washington St., Suite 220
6 Phoenix, Arizona 85007

7 Craig A. Marks
8 CRAIG A. MARKS, PLC
9 10645 N. Tatum Blvd., Suite 200-676
10 Phoenix, Arizona 85028
11 Attorney for Swing First Golf, LLC

12 James E. Mannato
13 Florence Town Attorney
14 775 N. Main Street
15 P. O. Box 2750
16 Florence, Arizona 85253

17 
18 _____

19
20
21
22
23
24
25
26

EXHIBIT 1

CAGRD adjuster fee calculation for Decision 71854

AMA	A	B		Rate per AF (1)	AF per excess	Amount to be recovered (A x B)	AF of total sales in 2009	Gallons per AF	Total sales in gallons in 2009 (Af x 325851)	Price per 1000 gallons	
	Fiscal year 2010/2011										
Phoenix Active Management Area	\$	356.00	(C)	4,601	(E)	\$ 1,637,956.00	6725.91	(G)	325851	2,191,644,499	\$ 0.75
Pinal Active Management Area	\$	324.00	(D)	180	(F)	\$ 58,320.00	711.00	(H)	325851	231,680,061	\$ 0.25

(1) From Central Arizona Groundwater Replenishment District Final 2010/1011 and 2011/2012 Rate Schedule dated June 3, 2010 (CAGRD 2)

- C (CAGRD 2)
- D (CAGRD 2)
- E (CAGRD 5)
- F (CAGRD 6)
- G (CAGRD 7)
- H (CAGRD 8)

CAGRD adjuster fee calculation for Decision 71854

Procedures to calculate the CAGRD adjuster

Step 1 Determine which rate water used by customers for current year will be charged at by reviewing CAGRD pg 2

Step 2 On CAGRD pg 2 locate the Active Management area, go down under the active management area you need until you find the Total Assessment Rate, go across to find CAGRD fiscal year that the water will be billed to in and that is the dollar per acre ft to be charged. (The years are the fiscal years for CAGRD which is July to June)

Example: For Calendar year 2010 water usage in Phoenix Active Management Area you would find the look under the fiscal year 2011/12 column for the rate per acre ft of \$403.

Step 3 After determining the rate to apply you next review Annual Report to CAGRD for the AMA being calculated to determine the excess water being charged.

On the Annual Report to CAGRD line 11 has the excess water in AF. Use that number to calculate the fee to be charged for the current year tax.

Example: CAGRD pg 5 line 11 for Phx AMA you would have 4,601 af of excess groundwater and that number would be multiplied by the number determine in Step 2 which is for water usage in 2010 is \$403 per af. That equals to be \$1,854,203.

Step 4 The next step is to calculate the amount water delivered to come up with the per 1,000 gallons charge. The total amount of water delivered can be found in box 11 on Schedule F-1 Part 2 (Municipal Provider Water deliveries) of the Arizona Department of Water Resources. Since the number is in AF you have to convert the AF to gallons by multiplying it by 358,851 gallons per af.

Example: For Calendar year 2009 water delivers in Phoenix Active Management Area you would find the look under the CAGRD pg 7 or 8 depending on the AMA and take the AF from box 11. That is the total gallons delivered in 2009. Convert it to gallons by multiplying that number by 358,851 (number of gallons in an acre foot). For Phoenix AMA the number is 7347.14 af which comes out to be 2,394,072,916 gallons.

Step 5 Once the total fee/tax and amount of water delivered has been calculated, the next step is to determine the amount per 1,000 gallons to be charged. That is done by dividing the total fee/tax by the total water delivered and multiplying that number by 1,000 to come to the rate.

Example: For Calendar year 2010 water delivers in Phoenix Active Management Area you would take the number calculated in Step 3 (\$1,854,203) and divide it by number arrived in step 4 (2,394,072,916 gallons). That number would then be multiplied by 1,000 gallons to determine the rate for 2010. $((1,854,203 / 2,394,072,916) \times 1000) = \0.77 per 1,000 gallons.

**CENTRAL ARIZONA
GROUNDWATER REPLENISHMENT DISTRICT
FINAL 2010/11 AND 2011/12 RATE SCHEDULE**

Approved Final
June 3, 2010

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES

Units = \$/acre-foot

	2009/10	Firm 2010/11	2011/12	2012/13	Advisory 2013/14	2014/15	2015/16
Phoenix Active Management Area							
Water & Replenishment Component ¹	\$ 143	\$ 140	\$ 140	\$ 140	\$ 144	\$ 157	\$ 156
Administrative Component ²	33	38	42	44	44	44	44
Infrastructure & Water Rights Component ³	101	131	170	204	245	294	353
Replenishment Reserve Charge ⁴	41	47	51	54	54	55	55
Total Assessment Rate (\$/AF)	\$ 318	\$ 356	\$ 403	\$ 442	\$ 487	\$ 550	\$ 608
Pinal Active Management Area							
Water & Replenishment Component ¹	\$ 107	\$ 110	\$ 116	\$ 120	\$ 121	\$ 133	\$ 128
Administrative Component ²	33	38	42	44	44	44	44
Infrastructure & Water Rights Component ³	101	131	170	204	245	294	353
Replenishment Reserve Charge ⁴	38	45	53	61	60	61	61
Total Assessment Rate (\$/AF)	\$ 279	\$ 324	\$ 381	\$ 429	\$ 470	\$ 532	\$ 586
Tucson Active Management Area							
Water & Replenishment Component ¹	\$ 153	\$ 155	\$ 155	\$ 161	\$ 164	\$ 166	\$ 163
Administrative Component ²	33	38	42	44	44	44	44
Infrastructure & Water Rights Component ³	101	131	170	204	245	294	353
Replenishment Reserve Charge ⁴	46	53	60	65	61	59	57
Total Assessment Rate (\$/AF)	\$ 333	\$ 377	\$ 427	\$ 474	\$ 514	\$ 563	\$ 617
Contract Replenishment Tax - Scottsdale ⁵							
Cost of Water	\$ 126	\$ 133	\$ 137	\$ 137	\$ 141	\$ 139	\$ 142
Cost of Transportation	0	0	0	0	0	0	0
Cost of Replenishment	0	0	0	0	0	0	0
Administrative Component ²	33	38	42	44	44	44	44
Total Tax Rate (\$/AF)	\$ 159	\$ 171	\$ 179	\$ 181	\$ 185	\$ 183	\$ 186

ENROLLMENT & ACTIVATION FEES

Units = \$/Housing Unit

Enrollment Fee ⁶	\$ 83	\$ 107	\$ 138	\$ 165	\$ 198	\$ 237	\$ 284
Activation Fee ⁶	\$ 81	\$ 105	\$ 136	\$ 163	\$ 196	\$ 235	\$ 282



CENTRAL ARIZONA PROJECT
P.O. Box 42447
Phoenix, AZ 85080-2447

Invoice

BILL TO: BRIAN TOMPSETT
JOHNSON UTILITIES LLC
5230 E SHEA BLVD
SCOTTSDALE AZ 85254

NUMBER 56181

BILL DATE 16-AUG-10

DUE DATE 15-OCT-10

CUSTOMER NUMBER 1286

DESCRIPTION	QTY	UOM	UNIT COST	TOTAL
WATER REPLENISHMENT	4,601	A/F	140.00 F	644,140.00
ADMIN COMPONENT	4,601	A/F	38.00 G	174,838.00
INFRASTRUCTURE	4,601	A/F	131.00 H	602,731.00
REPLENISHMENT RESERVE	4,601	A/F	47.00 I	216,247.00

\$1356.00 (E) CAGRD2

TOTAL DUE \$1,637,956.00

SPECIAL INSTRUCTIONS

2009 CAGRD MEMBER SERVICE AREA ANNUAL REPLENISHMENT TAX STATEMENT
(26-400665)

Refer questions to: Financial Services: 623-869-2149 • inquiries@cap-az.com

REMIT TO:
CENTRAL ARIZONA PROJECT
FINANCIAL SERVICES
P.O. BOX 42447
PHOENIX, AZ 85080-2447

NUMBER 56181

BILL DATE 16-AUG-10

DUE DATE 15-OCT-10

CUSTOMER NUMBER 1286

AMOUNT DUE: \$1,637,956.00

JOHNSON UTILITIES LLC

PAYMENT:

☐ If you have any changes on the
back of this stub please check this box.

PLEASE RETURN THIS PORTION WHEN MAILING YOUR PAYMENT

Pg 4



CAP
CENTRAL ARIZONA PROJECT

AUG 16 2010

P.O. Box 43020 • Phoenix, AZ 85080-3020
23636 North Seventh Street • Phoenix, AZ 85024

623-869-2333 • www.cap-az.com

August 16, 2010

Johnson Utilities, LLC
Attn: Brian Tompsett
5230 East Shea Boulevard
Scottsdale, AZ 85254

Subject: Annual Replenishment Tax for 2009

In accordance with Arizona Revised Statute (ARS) §48-3781.B and article 3 of the Member Service Area Agreement between Central Arizona Water Conservation District (CAWCD) and Johnson Utilities, LLC (Phoenix AMA), please find the enclosed invoice that explain the Central Arizona Groundwater Replenishment District (CAGRD) replenishment tax for 2009.

Payment should be made to CAGRD by October 15, 2010.

If you have any questions regarding the enclosed invoice, or CAGRD in general, please call Marsha Esmeier at (623) 869-2380.

Sincerely,

Clifford A. Neal, Manager
Planning and Replenishment

Mae
082.02
G:\grd\MSA_Repl_Cvlist_09.doc

Enclosure

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD)
P.O. BOX 43020
PHOENIX, AZ 85060-3020
(623) 869-2243



2009 ANNUAL REPORT
TO BE FILED BY MUNICIPAL WATER PROVIDERS WITH CAGRD MEMBER SERVICE AREAS

REPORTING PARTY (Water provider, Address)

Johnson Utilities, L.L.C.
5230 East Shea Boulevard, Ste. 200
Scottsdale, Arizona 85254
Attn: Brian Tompsett

AMA: Phoenix

AWS DESIGNATION #: 26-400090

If any of the preprinted information provided on this report is incorrect, please make the necessary changes.

EXCESS GROUNDWATER DELIVERED TO MEMBER SERVICE AREA	1	TOTAL GROUNDWATER WITHDRAWN WITHIN THE MEMBER SERVICE AREA IN 2009* (Must equal the volume reported on part 5.B.5 of the Assured Water Supply Supplement of the ADWR 2009 Annual Report)	1	7,318	Acre-ft
	2	INCIDENTAL RECHARGE AS AWARDED BY ADWR FOR 2009	2	451	
	3	MINIMUM EXCESS GROUNDWATER FACTOR	3	0.67	
	4	REQUIRED MINIMUM AMOUNT OF EXCESS GROUNDWATER (Subtract line 2 from line 1 and multiply by line 3, but not less than zero)	4	4,601	Acre-ft
	5	ADDITIONAL AMOUNT REPORTED AS EXCESS GROUNDWATER	5		Acre-ft
	6	TOTAL EXCESS GROUNDWATER (sum of lines 4 and 5, not to exceed Line 1) (Must equal the volume reported on part 5.B.6 of the Assured Water Supply Supplement of the ADWR 2009 Annual Report)	6	4,601	Acre-ft
CONTRACT REPLENISHMENT ACCOUNT ACTIVITY	7	CONTRACT REPLENISHMENT ACCOUNT BALANCE AS OF JANUARY 1, 2009	7	0	Acre-ft
	8	CONTRACT REPLENISHMENT CREDITS ACCRUED IN 2009	8		
	9	VOLUME OF CONTRACT REPLENISHMENT CREDITS TO BE APPLIED TO REDUCE THE 2009 REPLENISHMENT OBLIGATION	9		
	10	CARRY FORWARD BALANCE IN THE CONTRACT REPLENISHMENT ACCOUNT (Sum of lines 7 and 8 minus line 9)	10		
SERVICE AREA REPLENISHMENT OBLIGATION	11	2009 CAGRD SERVICE AREA REPLENISHMENT OBLIGATION (subtract line 9 from line 6)	11	4,601	E Acre-ft

* If the basis for calculating the total groundwater reported on Line 1 is other than by meter, please attach a sheet describing the basis.

Mail or hand deliver the completed original of this Annual Report to the Central Arizona Project, 23636 North 7th Street, Phoenix, AZ 85024, and a copy to the Arizona Department of Water Resources, 3550 N. Central Avenue, Phoenix, AZ 85012-2105. If mailed, the report must be postmarked no later than March 31, 2010. If hand delivered, the report must be received by each entity listed above no later than 5:00 p.m. on March 31, 2010.

REPORTS FILED AFTER MARCH 31, 2010, ARE SUBJECT TO LATE FEES PURSUANT TO A.R.S. 48-3775.

**** Please enclose a copy of your 2009 ADWR Annual Withdrawal and Use Report
(including the AWS Supplement) with this Report ****

I hereby certify, under penalty of perjury, that the information contained in this report is, to the best of my knowledge and belief, correct and complete.


AUTHORIZED SIGNATURE

Brian P. Tompsett
PRINTED NAME

Executive Vice President
TITLE


E-MAIL ADDRESS

3-31-2010
DATE

480-998-3300
PHONE NUMBER

P.O. BOX 43928
PHOENIX, AZ 85069-3928
(623) 898-2243



2009 ANNUAL REPORT
TO BE FILED BY MUNICIPAL WATER PROVIDERS WITH CAGRD MEMBER SERVICE AREAS

REPORTING PARTY (Water provider, Address)

Johnson Utilities, L.L.C.
5230 East Shea Boulevard, Ste. 200
Scottsdale, Arizona 85254
Attn: Brian Tompsett

AMA:

Pinal

AWS DESIGNATION #: 26-401382.0000

If any of the preprinted information provided on this report is incorrect, please make the necessary changes.

EXCESS GROUNDWATER DELIVERED TO MEMBER SERVICE AREA	TOTAL GROUNDWATER WITHDRAWN WITHIN THE MEMBER SERVICE AREA			
	1 IN 2009* (Must equal the volume reported on part 5.B.5 of the Assured Water Supply Supplement of the ADWR 2009 Annual Report)	1	783	Acres-ft
	2 INCIDENTAL RECHARGE AS AWARDED BY ADWR FOR 2009	2	36	
	3 ANNUAL ALLOWABLE GROUNDWATER AVAILABLE WITHIN THE MEMBER SERVICE AREA IN 2009	3	567	
	4 MINIMUM EXCESS GROUNDWATER FACTOR	4	0.67	
	5 REQUIRED MINIMUM AMOUNT OF EXCESS GROUNDWATER (Subtract lines 2 and 3 from line 1 and multiply by line 4, but not less than zero)	5	121	Acres-ft
	6 ADDITIONAL AMOUNT REPORTED AS EXCESS GROUNDWATER	6	59	Acres-ft
	TOTAL EXCESS GROUNDWATER (sum of lines 4 and 5, not to exceed Line 1) 7 (Must equal the volume reported on part 5.B.6 of the Assured Water Supply Supplement of the ADWR 2009 Annual Report)	7	180	Acres-ft
CONTRACT REPLENISHMENT ACCOUNT ACTIVITY	8 CONTRACT REPLENISHMENT ACCOUNT BALANCE AS OF JANUARY 1, 2009	8	0	Acres-ft
	9 CONTRACT REPLENISHMENT CREDITS ACCRUED IN 2009	9		
	10 VOLUME OF CONTRACT REPLENISHMENT CREDITS TO BE APPLIED TO REDUCE THE 2009 REPLENISHMENT OBLIGATION	10		
	11 CARRY FORWARD BALANCE IN THE CONTRACT REPLENISHMENT ACCOUNT (Sum of lines 7 and 8 minus line 9)	11		
SERVICE AREA REPLENISHMENT OBLIGATION	2009 CAGRD SERVICE AREA REPLENISHMENT OBLIGATION 12 (subtract line 9 from line 6)	12	180	Acres-ft F

* If the basis for calculating the total groundwater reported on Line 1 is other than by meter, please attach a sheet describing the basis.

Mail or hand deliver the completed original of this Annual Report to the Central Arizona Project, 23636 North 7th Street, Phoenix, AZ 85024, and a copy to the Arizona Department of Water Resources, 3550 N. Central Avenue, Phoenix, AZ 85012-2105. If mailed, the report must be postmarked no later than March 31, 2010. If hand delivered, the report must be received by each entity listed above no later than 5:00 p.m. on March 31, 2010.

REPORTS FILED AFTER MARCH 31, 2010, ARE SUBJECT TO LATE FEES PURSUANT TO A.R.S. 48-3775.

** Please enclose a copy of your 2009 ADWR Annual Withdrawal and Use Report
(including the AWS Supplement) with this Report **

I hereby certify, under penalty of perjury, that the information contained in this report is, to the best of my knowledge and belief, correct and complete.

AUTHORIZED SIGNATURE
Brian P. Tompsett
PRINTED NAME

Executive Vice President
TITLE

E-MAIL ADDRESS

3-31-2010
DATE

480-998-3300
PHONE NUMBER

ARIZONA DEPARTMENT OF WATER RESOURCES

SCHEDULE F-1 PART 2

PROVIDER NAME

MUNICIPAL PROVIDER WATER DELIVERIES

1

RIGHT/PERMIT NO.

ANNUAL REPORT 2009Total Production 7,318 GW + 608 CAP = 7,926

Pursuant to the Third Management Plan (TMP) and the Groundwater Code, large water providers are required to supply the following information. Do not include direct use effluent on this schedule (please use Part 3 of Schedule F-1).

MONTH	DELIVERIES IN ACRE-FEET										TOTAL
	RESIDENTIAL A		NON-RESIDENTIAL B								
	Single Family	Multi-Family	Industrial	Commercial	Govt.	Turf Related Facilities *	Other Turf **	Construction	Other ***		
Jan	308.52		2.75	9.78	.69	.37	32.97	20.31	3.15	378.04	
Feb	305.20		2.23	9.41	1.04	3.58	33.55	26.59	4.49	376.09	
Mar	320.53		2.19	10.80	1.20	11.80	32.63	15.36	1.14	395.65	
Apr	397.09		2.28	12.27	1.61	74.17	87.09	15.29	2.19	589.80	
May	411.92		2.65	14.00	5.84	60.03	147.68	15.29	1.65	659.06	
Jun	505.81		2.22	17.67	6.84	66.48	165.59	15.29	2.27	782.17	
Jul	434.10		2.41	17.01	3.57	73.22	235.97	15.29	2.72	784.29	
Aug	521.00		2.26	19.16	8.59	134.96	202.42	15.22	2.58	906.29	
Sep	402.99		2.31	15.68	4.91	106.30	186.41	15.32	1.53	735.45	
Oct	456.90		2.96	13.99	2.38	23.97	192.90	15.82	.45	708.87	
Nov	379.96		2.38	12.27	1.91	32.29	104.80	16.36	6.92	556.89	
Dec	345.74		2.25	40.35	1.40	4.77	62.59	15.05	.20	472.35	
Total Deliveries	2 4789.76	3	4 28.39	5 192.39	6 39.98	7 591.94	8 1484.60	9 190.79	10 29.29	11 7347.14	
Total Active Connections	12 18,665	13	14	15	16	17	18	19	20	21 (591.94)	

* Turf Related Facilities Includes turf-related facilities (10 or more acres of turf or other high water use landscaping) and landscaped public rights-of-way identified as Individual Users. (San Tan HOA) (591.94 CAP Water)

** Other Turf Includes water delivered to other turf areas that are less than 10 acres. (Landscape Water)

*** Other Includes unmetered deliveries. Unmetered deliveries must be calculated using a generally accepted method of estimating water use. Explain in a separate letter how any unmetered deliveries were calculated and to which category it would belong if it were metered. e.g. Industrial, Commercial, etc. (System Flushing, F.D. Use)

Please contact your local Active Management Area if you need assistance completing this form.

PHOENIX AMA (602) 771-8585 PINAL AMA (520) 838-4857 SANTA CRUZ AMA (520) 761-1814
PRESCOTT AMA (928) 778-7202 TUCSON AMA (520) 770-3800

ARIZONA DEPARTMENT OF WATER RESOURCES

SCHEDULE F-1 PART 2

PROVIDER NAME

MUNICIPAL PROVIDER WATER DELIVERIES

1

RIGHT/PERMIT NO.

ANNUAL REPORT 2009Total Production 783 af

Pursuant to the Third Management Plan (TMP) and the Groundwater Code, large water providers are required to supply the following information. Do not include direct use effluent on this schedule (please use Part 3 of Schedule F-1).

MONTH	DELIVERIES IN ACRE-FeET									
	RESIDENTIAL A		NON-RESIDENTIAL B							TOTAL
	Single Family	Multi-Family	Industrial (Anthem KWRP)	Commercial	Govt.	Turf Related Facilities *	Other Turf **	Construction	Other ***	
Jan	19.07		2.11	2.69	.11		6.03	5.07	.95	36.03
Feb	21.39		2.24	2.50	.18		7.25	2.85	.98	37.39
Mar	22.35		2.20	3.41	.20		12.74	3.29	1.56	45.75
Apr	25.33		2.20	4.48	.16		13.51	2.98	1.80	50.46
May	28.59		2.72	3.83	.21		21.44	2.71	.98	60.48
Jun	35.14		2.08	5.90	.13		33.56	3.10	2.97	82.88
Jul	25.36		1.50	4.24	.05		25.49	1.38	1.34	59.36
Aug	35.88		2.02	5.88	.22		32.41	3.62	.33	80.36
Sep	30.90		2.10	4.40	.19		26.19	2.15	.15	66.08
Oct	30.67		3.06	4.33	.13		30.13	2.41	.02	70.75
Nov	32.58		2.00	4.80	.21		20.48	2.17	9.85	72.09
Dec	24.22		2.12	3.42	.38		8.45	3.60	6.75	48.94
Total Deliveries	2 331.48	3	4 26.34	5 49.90	6 2.19	7	8 237.68	9 35.32	10 27.60	11 71.1
Total Active Connections	12 1,555	13	14	15	16	17	18	19	20	21

* Turf Related Facilities includes turf-related facilities (10 or more acres of turf or other high water use landscaping) and landscaped public rights-of-way identified as Individual Users.

** Other Turf includes water delivered to other turf areas that are less than 10 acres. (Anthem HOA, Florence Unified School, Florence F.D.)

*** Other includes unmetered deliveries. Unmetered deliveries must be calculated using a generally accepted method of estimating water use. Explain in a separate letter how any unmetered deliveries were calculated and to which category it would belong if it were metered. e.g. Industrial, Commercial, etc. (System flushing (metered) and Solar Facility dust control)

Please contact your local Active Management Area if you need assistance completing this form.

PHOENIX AMA (602) 771-8585 PINAL AMA (520) 836-4857 SANTA CRUZ AMA (520) 761-1814
PRESCOTT AMA (928) 778-7202 TUCSON AMA (520) 770-3800

EXHIBIT 2

Johnson Utilities - Water Division - Decision 71854

Bill Comparison between Old and New Rates

Meter Size: 3/4 Inch Residential

Phoenix AMA CAGR D Fee

Usage	Previous Bill	New Bill	CAGR D Tax	Dollar Decrease	Percent Decrease
0	\$27.00	\$16.50	\$0.00	(\$10.50)	-38.89%
1,000	\$29.25	\$18.26	\$0.75	(\$10.24)	-35.01%
2,000	\$31.50	\$20.02	\$1.50	(\$9.98)	-31.68%
3,000	\$33.75	\$21.78	\$2.25	(\$9.72)	-28.80%
4,000	\$36.00	\$23.54	\$3.00	(\$9.46)	-26.28%
5,000	\$38.25	\$25.68	\$3.75	(\$8.82)	-23.06%
6,000	\$40.50	\$27.82	\$4.50	(\$8.18)	-20.20%
7,000	\$42.75	\$29.96	\$5.25	(\$7.54)	-17.64%
8,000	\$45.25	\$32.10	\$6.00	(\$7.15)	-15.80%
9,000	\$47.75	\$34.24	\$6.75	(\$6.76)	-14.16%
10,000	\$50.25	\$36.38	\$7.50	(\$6.37)	-12.68%
12,000	\$55.25	\$41.37	\$9.00	(\$4.88)	-8.83%
14,000	\$60.25	\$46.36	\$10.50	(\$3.39)	-5.62%
16,000	\$65.25	\$51.36	\$12.00	(\$1.89)	-2.90%
18,000	\$70.25	\$56.35	\$13.50	(\$0.40)	-0.57%
20,000	\$75.25	\$61.34	\$15.00	\$1.09	1.45%
25,000	\$87.75	\$73.82	\$18.75	\$4.82	5.49%
30,000	\$100.25	\$86.30	\$22.50	\$8.55	8.53%
35,000	\$112.75	\$98.78	\$26.25	\$12.28	10.89%
40,000	\$125.25	\$111.26	\$30.00	\$16.01	12.78%
45,000	\$137.75	\$123.74	\$33.75	\$19.74	14.33%
50,000	\$150.25	\$136.22	\$37.50	\$23.47	15.62%
60,000	\$175.25	\$161.18	\$45.00	\$30.93	17.65%
70,000	\$200.25	\$186.14	\$52.50	\$38.39	19.17%
80,000	\$225.25	\$211.10	\$60.00	\$45.85	20.36%
90,000	\$250.25	\$236.06	\$67.50	\$53.31	21.30%
100,000	\$275.25	\$261.02	\$75.00	\$60.77	22.08%

Average Usage					
6,931	\$42.60	\$29.81	\$5.20	(\$7.58)	-17.80%
Median Usage					
6,000	\$40.50	\$27.82	\$4.50	(\$8.18)	-20.20%

Sewer

Previous Bill	New Bill	Dollar Decrease	Percent Decrease
\$38.50	\$32.79	(\$5.71)	-14.83%

Old Rates:

Monthly Minimum:	\$27.00
Gallons in Minimum	0
Charge Per 1,000 Gallons	
Up to 7,000	\$2.25
Over 7,000	\$2.50

New Rates:

Monthly Minimum:	\$16.50
Gallons in Minimum	0
Charge Per 1,000 Gallons	
Up to 4,000.00	\$1.760
Up to 10,000.00	\$2.140
Over 10,000.00	\$2.496

Phoenix AMA CAGR D Fee*

Per 1,000 Gallons	\$0.75
-------------------	--------

* This fee is paid to the Central Arizona Ground Water Replenishment District

Johnson Utilities - Water Division - Decision 71854

Bill Comparison between Old and New Rates

Meter Size: 3/4 Inch Residential

Pinal AMA CAGR D Fee

Usage	Previous Bill	New Bill	CAGR D Tax	Dollar Decrease	Percent Decrease
0	\$27.00	\$16.50	\$0.00	(\$10.50)	-38.89%
1,000	\$29.25	\$18.26	\$0.25	(\$10.74)	-36.72%
2,000	\$31.50	\$20.02	\$0.50	(\$10.98)	-34.86%
3,000	\$33.75	\$21.78	\$0.75	(\$11.22)	-33.24%
4,000	\$36.00	\$23.54	\$1.00	(\$11.46)	-31.83%
5,000	\$38.25	\$25.68	\$1.25	(\$11.32)	-29.59%
6,000	\$40.50	\$27.82	\$1.50	(\$11.18)	-27.60%
7,000	\$42.75	\$29.96	\$1.75	(\$11.04)	-25.82%
8,000	\$45.25	\$32.10	\$2.00	(\$11.15)	-24.64%
9,000	\$47.75	\$34.24	\$2.25	(\$11.26)	-23.58%
10,000	\$50.25	\$36.38	\$2.50	(\$11.37)	-22.63%
12,000	\$55.25	\$41.37	\$3.00	(\$10.88)	-19.69%
14,000	\$60.25	\$46.36	\$3.50	(\$10.39)	-17.24%
16,000	\$65.25	\$51.36	\$4.00	(\$9.89)	-15.16%
18,000	\$70.25	\$56.35	\$4.50	(\$9.40)	-13.38%
20,000	\$75.25	\$61.34	\$5.00	(\$8.91)	-11.84%
25,000	\$87.75	\$73.82	\$6.25	(\$7.68)	-8.75%
30,000	\$100.25	\$86.30	\$7.50	(\$6.45)	-6.43%
35,000	\$112.75	\$98.78	\$8.75	(\$5.22)	-4.63%
40,000	\$125.25	\$111.26	\$10.00	(\$3.99)	-3.19%
45,000	\$137.75	\$123.74	\$11.25	(\$2.76)	-2.00%
50,000	\$150.25	\$136.22	\$12.50	(\$1.53)	-1.02%
60,000	\$175.25	\$161.18	\$15.00	\$0.93	0.53%
70,000	\$200.25	\$186.14	\$17.50	\$3.39	1.69%
80,000	\$225.25	\$211.10	\$20.00	\$5.85	2.60%
90,000	\$250.25	\$236.06	\$22.50	\$8.31	3.32%
100,000	\$275.25	\$261.02	\$25.00	\$10.77	3.91%

Old Rates:

Monthly Minimum:	\$27.00
Gallons in Minimum	0
Charge Per 1,000 Gallons	
Up to 7,000	\$2.25
Over 7,000	\$2.50

New Rates:

Monthly Minimum:	\$16.50
Gallons in Minimum	0
Charge Per 1,000 Gallons	
Up to 4,000.00	\$1.760
Up to 10,000.00	\$2.140
Over 10,000.00	\$2.496

Pinal AMA CAGR D Fee*

Per 1,000 Gallons	\$0.25
-------------------	--------

Average Usage

6,931	\$42.60	\$29.81	\$1.73	(\$11.05)	-25.94%
-------	---------	---------	--------	-----------	---------

Median Usage

6,000	\$40.50	\$27.82	\$1.50	(\$11.18)	-27.60%
-------	---------	---------	--------	-----------	---------

Sewer

Previous Bill	New Bill	Dollar Decrease	Percent Decrease
\$38.50	\$32.79	(\$5.71)	-14.83%

* This fee is paid to the Central Arizona Ground Water Replenishment District

EXHIBIT 3

Central Arizona Groundwater Replenishment District

Q. What is the CAGR?

A. The Central Arizona Groundwater Replenishment District (CAGR) was established in 1993 by the state legislature to serve as a groundwater replenishment entity for its members. It provides a method for property owners and water providers to demonstrate a 100-year assured, or designated, water supply under Arizona law by agreeing to have the CAGR recharge amounts of groundwater that are over the limits established by the assured water supply rules. The CAGR is operated by the Central Arizona Water Conservation District (CAWCD), which also oversees the Central Arizona Project. It is governed by the 15-member CAWCD Board of Directors but is a separate legal and financial entity from the CAWCD. The CAGR includes three Active Management Areas (AMA) within Phoenix, Tucson and Pinal County.

Q. I have a Central Arizona Groundwater Replenishment District (CAGR) assessment on my utility bill. What is this?

A. Under current State of Arizona law, your house could not have been built without enrollment as a Member Land of the CAGR. Residential subdivisions developed after February 1995 can no longer rely solely on groundwater as their exclusive water supply. Your subdivision was enrolled in the CAGR so that the CAGR would replenish or replace the groundwater pumped to serve your home. In other words, the water you use must be replaced through artificial recharge.

Q. Why does it say "PHX CAGR" on my utility bill when I do not live in Phoenix?

A. This means your home resides in the Phoenix AMA boundaries, as established by the state legislature, and not the city itself. The replenishment obligations and assessments are different depending on which AMA you live. Some of our customers have homes that reside within the boundaries of the Pinal AMA and this is the reason for the distinction on your bill.

Q. Do I have to pay the CAGR tax?

A. Yes. You must pay the cost of replacing the groundwater you use. This cost is included as a line item on your utility bill and must be paid to Johnson Utilities along with your water payment. Johnson Utilities then sends that money to CAGR, who in turn purchases water that will be used to replenish the aquifer.

Q. How does the CAGR determine what I have to pay?

A. Each year, the CAGR determines its total replenishment obligation for all of its members. This obligation results from groundwater delivered to CAGR members. You pay the cost of replacing the water you have used. The CAGR then determines the total cost to meet the replenishment obligations in each AMA and divides that total by the number of acre-feet of replenishment obligation. This results in a replenishment rate that is charged against each member based on the volume of groundwater that the member used.

Q. Why is the CAGR assessment on my bill different from my neighbor's?

A. If you used more water at your home than your neighbor, then the replenishment assessment on your utility bill will be higher than your neighbor's. The assessment is based only on the water you have used.

Central Arizona Groundwater Replenishment District

Q. How can I reduce the assessment I have to pay to the CAGRD?

A. The CAGRD replenishment assessment that you must pay is directly related only to the amount of water you use at your home. Therefore, reducing your water consumption will reduce your replenishment assessment as well as your water bill. For more information on how to conserve, click Conservation (<http://www.cagrd.com/conservation/>).

Q. I have a CAGRD replenishment assessment on my Utility bill, but my sister does not. Why?

A. There are several possible explanations. First, new water laws became effective in Arizona in 1995. Therefore, if your sister's house was built prior to 1995, there would be no replenishment obligation for water delivered to her home. Second, if her home was built after 1995, she may be located within the service area of a water provider that is not enrolled as a Member Service Area of the CAGRD. If this is the case, then her replenishment assessments are collected by her County along with her property tax bills. Third, her water provider may not be delivering groundwater to her home. If this is the case, then there is no replenishment obligation and, consequently, no assessment. Finally, her water provider may have the capability to perform replenishment services itself. If this is the case, then there would be no CAGRD replenishment assessment, but it is likely that the water provider's costs of doing its own replenishment are included in its monthly water rates.

Q. How can I get my home out of the CAGRD?

A. Under current law, there is no way for you to get your home out of the CAGRD. The reason for this is to ensure that there will be sufficient water supplies to meet all future demands in the Active Management Areas in Arizona.

Q. Why do I have an assessment from Central AZ Water Conservation ("CAWCD") on my property tax bill when I am paying for the CAGRD on my utility bill?

A. The CAWCD tax is levied to help pay the cost of construction and operations of Central Arizona Project ("CAP"). The residents of three counties, Maricopa, Pinal and Pima, are the only Counties that pay a property tax to CAWCD. The CAP is a 336-mile-long aqueduct that annually brings about 1.5 million acre-feet of Colorado River water into the CAP's three County service areas. CAP water is used by cities, water utilities, agricultural districts and Native American communities throughout central and southern Arizona. So the primary difference is that the CAWCD tax pays for the delivery system and the CAGRD tax pays for the actual water that is replenished.